

GRANT & ATKINS, INC.

Investment Counsellors

55 LIBERTY STREET

NEW YORK 5, September 10, 1945

DANIEL L. GRANT
President

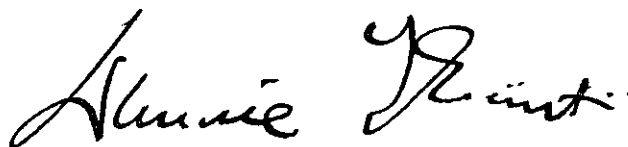
Honorable M. S. Eccles
The Federal Reserve Board
Washington, D. C.

Dear Sir:

May we have copy of the testimony which you gave the Congress some months ago with respect to the trend of bank earnings and the desirability of keeping those earnings low through low interest rates on Government obligations?

Thanking you for the courtesy, I am

Very truly yours,

A handwritten signature in cursive script, reading "Alvin J. Hunt". The signature is written in dark ink and is positioned below the typed name "Alvin J. Hunt".

President

September 17, 1945.

Mr. Daniel L. Grant, President,
Grant & Atkins, Inc.,
55 Liberty Street,
New York 5, New York.

Dear Mr. Grant:

In reply to your letter of September 10, let me say that I have no prepared statements in regard to bank earnings and the desirability of keeping such earnings low.

I have been questioned on this general subject from time to time by Mr. Wright Patman, who, as you will recall, at one time strongly advocated having the Government finance all deficits by issuing non-interest-bearing bonds. This agitation led me to address an open letter to Mr. Patman on March 21, 1941, a copy of which I enclose.

Subsequently, Mr. Patman considerably modified his position, as indicated by his comments during a hearing before the House Banking and Currency Committee on April 5, 1943, on the bill to exempt war loan accounts from FDIC assessments and from reserve requirements. There was some further reference to the subject in the hearings before the Senate Banking and Currency Committee on February 20, 28, and March 7, 1945, on the bill to reduce the gold reserve ratio. Your letter possibly refers to this testimony, which is given in printed hearings on the bill, S. 510. I do not have available a copy of these hearings, but doubtless you could obtain them directly from the Senate or House committees, or from the Government Printing Office.

Sincerely yours,

M. S. Eccles,
Chairman.

Enclosure

ET:b

GRANT & ATKINS, INC.
 Investment Counsellors
 55 LIBERTY STREET
 NEW YORK

DANIEL L. GRANT
 President

September 20, 1945

Mr. M. S. Eccles, Chairman
 Board of Governors of the
 Federal Reserve System
 Washington, D. C.

Dear Mr. Eccles:

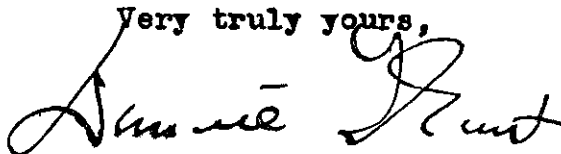
I wish to thank you for your letter of September 17th and for a copy of the open letter which you wrote to Congressman Patman some time ago.

My recollection is that the opinions which you expressed, and in which I am particularly interested, were before either the Senate or House Committee which has to do with banking and currency and occurred some time last winter.

The point in which I am interested is the degree to which the Government, if at all, is permitting secondary considerations, such as the earnings of banks, to influence the type of issue which the Government is selling and the interest being paid. Naturally, your attitude on such matters is of large importance. The press clipping which I picked up was to the effect that you felt that commercial bank earnings were too high. However, I am reluctant to form any opinion or to draw any conclusions from press releases and for that reason I was seeking the exact text of your statement and the conditions under which it may have been made.

With best wishes for yourself and the tremendously important work which you are doing, I am

Very truly yours,



Daniel L. Grant
 President

DLG:MY